



## MAYERSON & HARTHEIMER, PLLC

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July 8, 2019

The Hon. James L. Garrity, Jr.  
United States Bankruptcy Court  
One Bowling Green  
New York, NY 10004

Re: Status Report on Unlockd Media, Inc., and Unlockd Operations US Inc., Case No. 18-13243

Dear Judge Garrity:

The debtors and debtors-in-possession (the “Debtors”) in the above-captioned case have a status conference scheduled for July 11, 2019. As counsel to the Debtors, we wanted to provide you with an update in advance of the hearing.

As this Court knows, the focus of these cases has become litigation. Since the last status conference, the Debtors have made significant progress in readying the Debtors for both such litigation, as well as for proposing a plan centered around a litigation trust. With respect to the former, counsel in the US has now received a significant cache of documents from both the British Administrator and the Australian Administrator of the Debtors’ affiliated companies. Debtors’ counsel is currently working their way through the voluminous documents and preparing a litigation strategy in cooperation with the director of the Debtors. The Debtors have also been cooperating with an investigative committee of the United States Senate which is investigating the facts which form the gravamen of the Debtors’ proposed litigation, and have been in communication with their antitrust experts. This has been very helpful in focusing the Debtors on the justiciable issues. Using this information, Debtors’ counsel has spoken to several potential litigation funders who have shown great interest in the litigation. Using the litigation funders’ criteria, counsel is in the midst of developing a very detailed legal memorandum with exhibits which will allow litigation funders to propose funding for the litigation. Given the granular due diligence required by the litigation funders to whom we have spoken, this is an enormous task. We anticipate that the memo will be finished in approximately one month. This will allow the Debtors to finalize funding for any proposed litigation.

Once funding is secured and the Debtors can demonstrate that a plan would be feasible, the Debtors intend to propose a plan centered around a litigation trust. To facilitate such a plan, the Debtors have identified a litigation trustee with whom they are working, and are in the process of filing a motion requesting a bar date for all claims, including governmental units, of September 3, 2019. The Debtors have also filed a motion to extend the time to file a plan and a disclosure statement, if any, to November 8, 2019, and to extend the time to confirm a plan to December 20, 2019. The Debtors feel confident that with a bar date in place, if they are successful in

getting litigation funding--and to date, the indications are positive that they will be -- they will be in a position to file a plan the feasibility of which they can demonstrate by November 8.

While the main focus of the case has been to develop a litigation scenario to maximize value to creditors and to develop a confirmable plan around such litigation, the Debtors have nonetheless continued with their day-to-day activities. This Court has approved a settlement with the Debtors' sole secured creditor, Silicon Valley Bank, which is currently being implemented. The Debtors have also continued to try to collect their receivables, and have collected about \$2500 in the last month. The debtors are current on their taxes, and intend to file their May Monthly Operating Reports in advance of the status conference. There has been some delay in paying the US Trustee fees; as, the Debtors have had a problem getting checks from the bank where it has its debtor-in-possession accounts, and this has only recently been ironed out. I am pleased to report that today we mailed checks for all outstanding fees to the US Trustee, and are, therefore, current on the US Trustee fees.

Our firm would be happy to answer questions on the above information or any other issues.

Sincerely,



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